



OFFICE OF THE

STATE AUDITOR

Suzanne M. Bump

Statement to the Cashless System Commission on behalf of State Auditor Suzanne Bump,

by her Designee on the Commission,

Gerald A. McDonough, Deputy Auditor and General Counsel

December 20, 2012

On behalf of State Auditor Suzanne Bump, I will be voting to support the recommendations drafted for the Commission by the Ripples Group. Let me first thank the Ripples Group for the exceptional professionalism and hard work that they brought to this difficult task, along with Commissioner Curley and the DTA staff who assisted in this effort, and my fellow Commissioners who devoted considerable time and effort to this mission.

I would only add a few cautionary observations.

Any analysis of the efficiency and effectiveness of government programs should be based on a risk assessment – that is, what is the risk to public funds or public health and welfare. Such an analysis requires that public decisions be based on data and facts.

Last July, the Legislature took several steps to address the issue of perceived misuse in the cash assistance program, by barring the use of cash assistance for certain products and at certain locations, imposing penalties on clients and vendors who violate the law, establishing this Commission, directing DTA to expand the direct vendor payment system, and creating a food stamp trafficking law. To date, there is no evidence as to what extent cash assistance beneficiaries or vendors are violating the new statutory requirements.

In contrast, we know that fraud, particularly in the eligibility component of cash assistance and other public benefits, is a real and serious problem. We are pleased that the Legislature enacted the food stamp trafficking component of the law, and that the Plymouth County District Attorney's Office has already relied on the law to arrest 8 people allegedly

involved in food stamp trafficking in 5 stores in Brockton. That is the kind of action that will truly root out fraud in our public benefits programs.

The Commission's recommendations are estimated to have a start-up cost of \$250,000 and yearly operational costs of \$650,000. In the current economic climate, where DTA, like all other state agencies, is being asked to absorb 9C cuts, implementation of these recommendations without any increased appropriations will require DTA to reduce spending in other areas. Most likely, spending will be reduced in other efforts to address fraud, waste, and abuse in DTA's programs.

While Auditor Bump supports efforts to improve education of clients and vendors about the new statutory restrictions, as well as increased enforcement of those restrictions, she cannot do so if that will result in any lessening of oversight of DTA's programs already proven to be at risk of fraud. Any diversion of DTA's resources from such efforts to cash assistance misuse, particularly before we have an opportunity to assess whether the legislation enacted in July will achieve its purposes, is not a prudent use of the public's tax dollars.